

Qualifying Health Care Expenses

Medical expenses as defined in Section 213 of the Internal Revenue Code that cannot be paid by any insurance, except insurance premiums and long-term care expenses. Refer to IRS Publication 502. Included are such things as:

- Eye exams, contact lenses, contact lens solution, glasses, LASIK surgery
- Dental exams, cleaning, fillings, crowns, braces
- Prescription drugs, medicines and insulin
- OTC medicines & drugs treating an existing medical condition
- Hearing aids and exams
- Routine doctor visits, including chiropractic care

You can include expenses for everyone on your tax return, even if you do not cover them on your medical insurance.

Ineligible Expenses

- Insurance premiums, warranties, service agreements
- Cosmetic procedures or products
- Health club dues for general good health
- General good health or hygiene items that are available over-the-counter

Dependent Care Expenses

Child and/or adult dependent care expenses you incur that enable you to work. If you are married, your spouse must also work or be a full-time student. You must claim the dependent on your tax return. If you are divorced, you must be the custodial parent, but are not required to claim the tax exemption. Your child must be under 13 or, if care is for an older person, he/she must be incapable of self-care. Refer to IRS publication 503 for more information. Expenses include such things as:

- Day care centers (must comply with state and local laws) or babysitters
- Pre-school (before kindergarten)
- General-purpose day camps

Ineligible Expenses

- Food, transportation or activity fees
- Education expenses (kindergarten or higher)
- Overnight camps (including daytime portion)

Care provider cannot be:

- Your spouse or any dependent
- Your child under the age of 19
- Private school (kindergarten or higher)

Worksheets

Health Care Expenses

Estimated medical, dental, vision expenses between January 1 and December 31

Orthodontics and Dental _____
Glasses, contacts, solutions _____
Deductibles _____
Co-pays _____
Medicines, drugs & insulin _____
Other medical _____

Total health care expenses _____

Dependent Care Expenses

Day Care Center _____
Babysitters _____
Day camp _____
Pre-School _____
Before-/After-School care _____

Total Dependent Care Expenses _____

Be sure to consider summer vacations when you make your estimate.

If you have questions concerning eligible expenses or claims filing procedures, please call ASI at 1-800-659-3035.

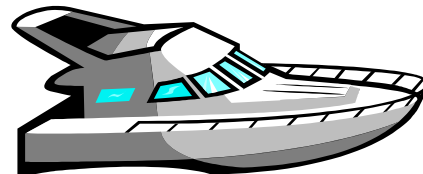
You can also contact ASI by email at

asi@asiflex.com

or visit the web site at

www.asiflex.com.

Don't miss the



Reduce taxes taken out of your paycheck

Sign up for the
**Mariflex Flexible
Spending Accounts**

Save on
Health Care Expenses
(medical, dental, vision)
Dependent Care Expenses
(child & adult care)

A valuable benefit provided by



Maricopa County

1/4th of every \$

Save \$25 or more for every \$100
you put in the Flexible Spending
Accounts!

Assume you have a family income of \$24,000 and
at least \$1,500 in qualifying expenses next year.

Without a Flex Plan		With a Flex Plan
\$24,000	Annual Compensation	\$24,000
<u>0</u>	Tax free expenses	<u>1,500</u>
\$24,000	Taxable income	\$22,500
-1,836	F.I.C.A. @ 7.65%	-1,721
-2,850	Federal Income Tax @15% (after \$5000 exemptions)	-2,625
<u>-570</u>	State Income tax @ 3%	<u>-525</u>
\$18,744	Net pay check	\$17,629
<u>-1,500</u>	After tax expenses	<u>0</u>
\$17,244	Actual take home pay	\$17,629
	Net cash savings	\$385

*This is just an example. The savings will vary
for each participant. Calculate your own
potential savings using your marginal tax
bracket. Consult your tax advisor if you have
any questions.*

How do the Flexible Spending Accounts work?

You decide how much, up to the maximums in each plan,
to set aside in each account for the year. This is called
your “election.” Your election will be divided by the
number of paychecks you expect to receive next year.
Your compensation will be reduced by this amount each
paycheck to fund the accounts.

After you have incurred a qualifying expense, you will
file a claim with ASI. ASI will reimburse you for the
claimed amount. ASI processes claims daily, no later than
the first business day after receiving your claim. **An
expense is considered incurred when the services are
provided or the products are ordered.** This may or may
not be at the same time you are billed or pay for the
services or products. Expenses must be incurred during
the Plan Year, which is from January 1 through
December 31.

You should include only those expenses you are certain to
incur when figuring your election, since any amount you
do not incur for qualifying expenses cannot be returned to
you. You can use the worksheets in this flier to help plan
your elections.

What are the maximums?

- The health care maximum is \$5,200.
- The dependent care maximum is \$5,000 per family
for single and married employees (\$2,500 if married
and filing separate tax returns). However, you may
not elect an amount that is more than your spouse's
earned income (if married) or more than half your
earned income.

Can I claim these expenses on my tax return?

You **cannot** claim the items reimbursed to you through
the flexible spending account on your federal tax return
since health care expenses paid through the flexible
spending account are tax exempt. On your tax return,
medical expenses are only deductible to the extent they
exceed 7.5% of your adjusted gross income.

Which is better: The flexible spending plan or the Child Care Credit?

Generally, those families with an adjusted gross
income of \$31,000 or more or who spend more
than \$3,000 on care for only one child in day care
will save more with the flexible spending plan.
However, you should check with your tax advisor
concerning your circumstances. You cannot use the
credit for any amounts reimbursed through the
plan.

Can I change my election?

Generally, no. However, there are a few situations
that will allow you to make a change, but they are
very limited. Please contact the Benefits Office for
information on making changes. Plan on being
unable to make a change during the year. Your
election will terminate at the end of each year. To
continue participation you will need to make a new
election each year during open enrollment.

How and when do I enroll?

**Current employees can enroll only during Open
Enrollment.** However, if you are a new hire, you
can enroll at any time within 60 days of your hire
date. Certain status changes may allow you to
enroll later. Enroll online during open enrollment
or by completing a Mariflex enrollment form prior
to the enrollment deadline. Forms are available on
the EBC/Intranet, the Internet, at the Benefits
Office or through your HR Liaison.

Contact the Benefits Office
at 602-506-1010

or:
ASI

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